

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 L-03 /061 W
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R 261807Z JAN 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 9180
INFO USMISSION EC BRUSSELS
AMEMBASSY OTTAWA

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E.O. 11652: N/A
TAGS: EINV, EQIP, FR
SUBJECT: J.I. CASE CO. BID TO TAKE OVER POCLAIN

1. J.I. CASE CO. OF RACINE, WISCONSIN, AND ITS
MOTHER COMPANY TENNECO, HAVE BEEN NEGOTIATING FOR
SOME WEEKS WITH BATAILLE FAMILY, OWNERS OF
POCLAIN S.A., FOR ACQUISITION OF ENTIRE POCLAIN GROUP.
THIS GROUP IS EUROPE'S LARGEST MANUFACTURER OF HEAVY
CONSTRUCTION EQUIPMENT, EMPLOYING OVER 10,000
AROUND WORLD, OF WHOM ABOUT HALF ARE IN FRANCE. GROUP
HAS SUFFERED HEAVY LOSSES IN 1975-76 DUE TO
ILL-ADVISED OVER-INVESTMENT (INCLUDING IN US) ON
CREDIT AT A TIME WHEN ITS MARKETING NETWORK WAS
INADEQUATE. CASE AND POCLAIN LINES ARE MUTUALLY
COMPLEMENTARY AND CASE HAS THE CAPITAL AND
MARKETING NETWORK GROUP WILL NEED TO SURVIVE AND
PROSPER.

2. AGREEMENT HAS NOW BEEN REACHED UNDER WHICH
CASE/TENNECO WOULD BUY 40 PERCENT OF POCLAIN SHARES
FOR ABOUT 195 MILLION FRANCS, ACQUIRE SIX POCLAIN
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FOREIGN MARKETING SUBSIDIARIES FOR ABOUT 111
MILLION FRANCS AND ASSUME ABOUT 312 MILLION IN
OUTSTANDING DEBT. MERGER WOULD BE STRUCTURED IN
SUCH A WAY THAT CASE WOULD HAVE EFFECTIVE CONTROL
OF WHOLE POCLAIN GROUP.

3. GOF IS EXTREMELY RELUCTANT TO APPROVE AGREEMENT

SHIFTING CONTROL OF SUCH A LARGE AND PRESTIGIOUS FRENCH COMPANY FROM FRANCE TO U.S. THIS WOULD BE DIAMETRICALLY COUNTER TO FRENCH POLICY OF "FRENCHIFICATION" AND PUT DECISION-MAKING POWER AFFECTING 5,000 FRENCH WORKERS (PLUS DOZENS OF COMPONENT SUPPLIERS) IN HANDS OF U.S. BOARD OF DIRECTORS. CASE/TENNECO, ON THE OTHER HAND, ARE UNWILLING TO INVEST THIS KIND OF MONEY WITHOUT ACQUIRING FULL CONTROL.

4. SITUATION CLOUDED BY LATE ARRIVAL ON SCENE OF MASSEY-FERGUSON WHOSE DIRECTOR PONIATOWSKI (A RELATIVE OF FRENCH MINISTER OF INTERIOR) HAS INDICATED READINESS TO MAKE RIVAL BID. CASE, IN TURN, HAS ANOTHER ACQUISITION CANDIDATE IN GERMANY (LEBER) TO WHICH IT WOULD REVERT IF GOF UNWILLING TO APPROVE POCLAIN SALE ON ACCEPTABLE TERMS. CASE IS PUTTING PRESSURE ON GOF THROUGH PRESS RELEASES PLAYING UP GENEROSITY OF ITS OFFER.

5. ACCORDING TO CASE OFFICIAL WHO CALLED ON AMBASSADOR, GOF MAY SUGGEST ADDITIONAL FRENCH PARTNER IN MERGER (PERHAPS RENAULT) TO STRENGTHEN FRENCH PARTICIPATION. CASE MIGHT ACCEPT THIS IF PURELY COSMETIC, BUT NOT IF IT ERODES EFFECTIVE CASE CONTROL OF POCLAIN GROUP.

6. CASE AGREES THAT USG INTERVENTION WOULD NOT BE HELPFUL AT THIS STAGE, BUT WE ARE FOLLOWING LIMITED OFFICIAL USE

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DEVELOPMENTS CLOSELY.
RUSH

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, REPORTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770029-0141
Format: TEL
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770116/aaaaanzx.tel
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Message ID: 992408d1-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
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Review Exemptions: n/a
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Secure: OPEN
Status: NATIVE
Subject: J.I. CASE CO. BID TO TAKE OVER POCLAIN
TAGS: EINV, EQIP, FR, US, TENNECO, J I CASE CO, POCLAIN S A
To: STATE
Type: TE
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